MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2015

An Exploration Stage Company

MANAGEMENT'S DISCUSSION & ANALYSIS

For the year ended December 31, 2015

This Management's Discussion and Analysis ("MD&A") of Colt Resources Inc. and its subsidiaries (the "Company") has been prepared based on information as of April 28, 2016 unless otherwise noted. The MD&A provides a detailed analysis of the Company's operations and compares its financial results with those of the previous periods and should be read in conjunction with our annual consolidated financial statements for the years ended December 31, 2015 and 2014 and related notes. The financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Please refer to the notes of the December 31, 2015 and 2014 annual consolidated financial statements for disclosure of the Company's significant accounting policies. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Additional information, including our press releases and the Company's annual information form, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under the Company's profile at www.sedar.com. Additional information relating to the Company can be found on the Company's website at www.coltresources.com.

The Company's securities trade on the TSX Venture, OTC Pink and Frankfurt exchanges.

FORWARD LOOKING STATEMENTS

Certain of the information contained in this MD&A may contain "forward-looking statements". Forward-looking statements may include, among others, statements regarding future plans, costs, objectives or economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "believe", "expect", "anticipate", "intend", "plan", "estimate" and similar words and the negative form thereof are used to identify forward-looking statements.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at or by which, such future performance will be achieved. Forward-looking statements are based on information available at the time and/or management's good-faith belief with respect to future events and are subject to known or unknown risks, uncertainties and other unpredictable factors, many of which are beyond the Company's control. These risks and uncertainties include, but are not limited to, those described in this MD&A and any other document published by the Company. The Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this document to reflect subsequent information, events or circumstances or otherwise, except if required by applicable laws.

COMPANY OVERVIEW

Colt Resources is a Canadian-based exploration stage company focused on the acquisition, exploration and development of mineral properties in Portugal. The Company is led by an experienced managerial and technical team and its strategy is to provide stakeholder value from quality mineral assets located in strategic jurisdictions. The Company is a reporting issuer in the Provinces of British Columbia, Alberta, Ontario and Quebec.

Colt Resources Inc. is incorporated in Canada and operates from its headquarters in Montreal, Canada and also through its wholly owned subsidiary ColtInvestco SGPS S.A. and its subsidiaries, Q.S.P.A. – Sociedade Vitícola Unipessoal Lda. ["QSPA"], Eurocolt Resources Unipessoal Lda. ["Eurocolt"], Aurmont Resources Unipessoal Lda. ["Aurmont"], and TungSPA Unipessoal Lda. ["TungSPA"]. These subsidiaries represent the interests of Colt Resources Inc. in Portugal. It also holds 14.22% interest an investment in Colt Resources Middle East (Cayman) ("CRME"), a private company focused on acquiring near term production assets in the Greater Middle East region.

The Company's significant exploration and development projects at December 31, 2015 included the Boa Fé gold project in southern Portugal and the Tabuaço tungsten project in northern Portugal. The Company holds a 100% interest in both projects. The Company also owns a 60% interest in the Alvalade VMS copper-zinc project in the Iberian Pyrite Belt in southern Portugal through an earn-in agreement with another Canadian TSXV listed corporation Avrupa Minerals Ltd.

The recoverability of investments in the Company's exploration and evaluation assets are dependent upon the economic recoverability of its reserves, the continuation of the Company's interest in the underlying resource claims and the ability by the Company to obtain necessary financing to complete their development. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

QUALIFIED PERSON

The technical information disclosed in this MD&A has been reviewed and approved by James W. Murton, P Eng, a Qualified Person (QP), as defined by National Instrument 43-101 for the Standards of Disclosure for Mineral Projects.

The Company's technical reports are available under the Company's profile on www.sedar.com

CORPORATE HIGHLIGHTS

- On February 18, 2015, the Company announced that it signed a binding letter of intent for its Boa Fé Montemor ("Boa Fé Montemor") gold exploration concession located in Portugal, setting out the terms of an exclusive proposed earn-in arrangement with DSM Resources Corp ("DSM"), a private mineral exploration company. Under the terms of the LOI, DSM can earn up to a 100% interest, in three phases as described below, in Aurmont Resources Unipessoal Lda ("Aurmont"), the wholly-owned Portuguese subsidiary of the Company which currently owns the Boa Fé Montemor project: A final definitive agreement is subject to due diligence, regulatory approval and board approval. The agreement is also currently on hold pending the granting of the Definitive mining license discussed in more detail in the Boa Fé section of this document.

- On February 18, 2015, the Company announced that it has completed a $0.15 million unit offering consisting of 1.5 million units (the "Units") consisting 1.5 million common shares of the Company priced at $0.10 (a "Share") and 750,000 purchase warrants to purchase Shares at $0.15 (a "Warrant"). Proceeds of this offering subscribed for by the Company's CEO will be used for general working capital. Each Warrant will entitle the holder to purchase one additional Share at a price of $0.15 for a period of 36 months from the issuance date
- On April 13, 2015, the Company announced the appointment of the former US Ambassador Hans H. Hertell to the board. Wayne Murton stepped down as a director and is engaged with the Company in the capacity of an external advisor as well as acting Qualified Person as per NI 43-101 requirements.
- On April 20, 2015, the Company announced the appointment of Sabri Karahan as a director, Sabri is a mining engineer with 40 years of experience in mining operation, development, engineering, mine management and corporate management. He is the founder and currently the Chief Executive Officer and General Manager of DAMA Engineering of Ankara, Turkey, which serves the mining industry worldwide in the areas of exploration, project development, and EPCM work.
- During the month of May 2015, the Company entered into agreements with its existing senior secured note holders for conversion in shares of its senior secured debt in the aggregate principal amount of US$2.7 million in addition to the accrued interest of US$ 0.1 million at a deemed price of $0.175 per Unit. Each Unit comprised of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire for a period of three years one common share of the Company at a price of CAD $0.25 per common share. As a result of the conversion, 19,341,222 Units were issued.
- On June 15, 2015, the Company announced that its associated company, CRME, finalized the acquisition of a majority stake in three exploration licenses in Chagai Hills region in Balochistan, Pakistan previously held by Lake Resources NL, an Australian company. One of the licenses, Amalaf adjoins the northern boundary to the Saindak gold-copper project which is in production and is operated by Metallurgical Corporation of China. One of the other licenses, Dasht-i-Gauran is located close to the western side of the copper mineralization area around the Reko-Diq copper-gold project.
- On June 22, 2015, the Company announced that it has entered into an agreement with CITIC-GEM Limited ("GEM-CITIC fund"), whereby, the Company at its sole discretion can sell and the GEM-CITIC fund is committed to purchase shares of the Company for up to $ CAD 30 million. Global Emerging Markets ("GEM") is a New York based fund.GEM has partnered with the CITIC Group (China International Trust and Investment Company), China's largest native multinational company with USD $125 billion of total assets, 44 subsidiaries and true global reach and influence. The partnership was set up to launch and co-manage a USD $1 billion natural resources fund with specific focus on non-ferrous metals across Asia and Africa.
- On July 13, 2015, the Company announced closing of a financing for a gross amount of approximately $3.82 million. As a result of the financing, a total of 21,843,137 Units were issued. Each Unit comprised one common share and warrant. Each warrant entitles the Unit holder to acquire one common share of the Company at an exercise price of $0.25 per share for a period of three years. Finders' fee of $0.26 million was paid in cash equal to 8% on a portion of the gross proceeds raised from applicable subscriptions in the private placement. In addition, finders' warrants equal to 8% of the number of units issued and sold on this same portion of the applicable subscriptions were also issued.
- On September 3, 2015, the Company announced that it had acquired 60% ownership replacing Antofagasta as the majority partner in the Alvalade copper zinc project ("Alvalade"), held by Avrupa Minerals Ltd ("Avrupa") (TSXV: AVU) in Portugal's section of the Iberian Pyrite Belt. The Company can earn up to 80% in Alvalade on meeting the committed expenditures outlined in assignment agreement between the Company, Avrupa and Antofagasta.
- During the month of September 2015, the Company entered into an agreement to provide an unsecured convertible loan equivalent to USD$ 0.8 million to its associate CRME. This loan was converted into CRME common shares by the Company based on shareholder approval at the Annual General and Special Meeting of the Company held on January 13, 2016.
- On September 23, 2015, the Company's Extra High concession in British Columbia was returned as its joint venture partner was unable to provide the required financing.
- On November 4, 2015, closed on a private placement in which the CEO of the Company invested an aggregate consideration of approximately $0.42 million for 2,400,000 Units of securities ("Units") issued by the Company at $0.175 per Unit. Each Unit is comprised of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant shall entitle unit holders to acquire one

common share of the Company (a "Warrant Share") at an exercise price of $0.25 for a period of three years following the closing date.

- On November 25, 2015, the Company increased the number of stock options to be issued under its fixed stock option plan from 12,250,000 to 22,000,000.
- At the Company's Annual General and Special Meeting held on January 13, 2016, Mr. John Gravelle was elected to the board of directors. Mr. Gravelle is the former global mining leader of PricewaterhouseCoopers (PwC) and has extensive experience developing diverse talent, providing senior management coaching and implementing leadership development and succession planning programs, providing oversight to a broad portfolio of client activities including financing, tax strategies, acquisitions, resource nationalism, and operational efficiencies. He built a strong network of relationships with senior executives and board members of public and private mining companies and served as relationship partner for many of PwC's clients, and continues to drive sector innovation. He currently is an Executive Vice President and Chief Financial Officer of a company in the mining equipment services industry that supplies environmentally efficient battery-powered, electric powertrains for mining equipment.

OUTLOOK

The Company does not generate any operating cash flows. The Company's sources of financing in the past have been issuance of common shares, warrants, options and senior secured debt financing. Overall prices for metals and precious metals equities, particularly for early stage projects, have decreased during the past year and raising sufficient capital on favourable terms has become difficult for junior exploration companies. These conditions are expected to continue for the foreseeable future and could affect the Company's ability to raise sufficient financing. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

In addition, as disclosed in the consolidated financial statements, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The Company's current committed cash resources are insufficient to cover expected expenditures in the fiscal year 2016. The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

Management is strongly committed to effective cash management and maintaining liquidity. The Company's cash burn rate has been significantly reduced based on several cost reduction initiatives taken by the management. The Company is committed to ensuring that it remains liquid and will continue to identify and to execute cost reduction initiatives, deferral or elimination of discretionary exploration expenditures and/or seeking divestment of its non-core assets/properties to preserve its working capital, raise sufficient capital and maintain adequate liquidity to fund the Company's operations.

Management will continue to manage its funds rigorously, its primary objective being to optimize return on investment for the Company's shareholders. The Company's development strategy is focused on the discovery of economically viable deposits that will generate profits from mining and ensure the Company's survival. In applying its development strategy, management will take into account the global exploration context, stock market trends and the prices of metals.

OPERATIONS SUMMARY

PORTUGAL

Boa Fé Experimental Mining License

The Boa Fé Experimental Mining License ("EML") covers 46.78km² and is located approximately 95km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property is completely surrounded by the Company's 100% owned Montemor exploration concession.

The document package for the the Mining License application was delivered to the Direcção Geral de Energia e Geologia ("DGEG") towards the end of April 2015.

No work was carried out during the second, third and fourth quarters of 2015 as the application of the definitive Mining License is pending approval by the DGEG.

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. Management also considers any decline in resource prices as well as the decline in the Company's market capitalization as an indicator of impairment. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use.

There were no impairment indicators in the current year which required impairment analysis for this property.

Any changes in the economic assumptions used or the geological information produced during the development and operation of a mine, could materially affect the estimated recoverable amount of the exploration and evaluation assets, which could result in an impairment in the future and such could be material.

Plans for 2016

The Company awaits the approval of the definitive Mining License by DGEG. Once this is granted, the Company will resume field work in the license area, which will start by planning and commissioning experimental mining excavations at the Chaminé, Casas Novas and Braços deposits, with a view to collect both geomechanical data and large volume bulk samples for metallurgical testing, which are needed for a full feasibility study.

Tabuaço Experimental Mining License (previously the Armamar-Meda Concession)

The Company has a 100% interest in the Tabuaço property, which has an area of 45.128 km². Located in north central Portugal, the property is approximately 5 hours driving time from Lisbon. The roads and the infrastructure are excellent. The Tabuaço Experimental Mining License ("EML") contract was signed on February 20, 2013 and corresponds to the north-west block of the previously owned Armamar-Meda Tungsten Concession, whose exploration license expired on December 9, 2012.

During the first quarter of 2015, drill hole logging of the last holes of the 2014 drilling campaign was completed, and the correspondent sample splitting was completed at the end of the fourth quarter. No further field work was carried out in the project during the fourth quarter of 2015.

During the third quarter of 2015, a drilling program of 5,388 metres comprising a total of 32 infill drilling holes was completed. Analytical results of a proportion of these holes were received from the laboratory in the fourth quarter, while some results were still pending.

There were no impairment indicators in the current year which required impairment analysis for this property.

Any changes in the economic assumptions used or the geological information produced during the development and operation of a mine, could materially affect the estimated recoverable amount of the exploration and evaluation assets, which could result in an impairement in the future and such could be material.

Plans for 2016

During 2016, the Company will complete the sampling and analysis of all drill holes previously done at the SPA and Avaleira deposits and the GAP zone. Upon receipt of the analytical results, an update of the 3D model of the ore zones and of the mineral resources estimation of the project will be made. A new drilling program will then be started at Aveleira and the GAP zone, in order to increase the resources in these two blocks, as well as to upgrade the category of the estimated resources (inferred to indicated).

Subject to adequate funding, the Company will then commission the construction of the underground experimental mining works, to a contractor which has been selected based on a tender. Collection of large volume bulk samples for metallurgical testing, as well as investigation of underground geotechnical conditions will both be done during the execution of these underground works which will be important for the subsequent execution of the feasibility study.

The Company also will commission the preparation of the EIA, fulfilling an obligation set forth in the current concession contract and will also continue to update and increase details on the geotechnical, hydrological and environmental matters that will be necessary for the future underground work and mine licensing.

In April 2016 the company met with the DGEG and has requested extensions & modifications to the existing contract.

During 2016 the Company will also continue to seek to identify potential JV and offtake partners for the eventual development of the future mining operations at Tabuaço.

Santo António Experimental Mining License (previously the Penedono Concession)

The "Consórcio Penedono", a Joint Cooperation Consortium between the Company and Contécnica Consultoria Tecnica ("Contécnica"), has a 100% interest in the Santo António property, which has an area of 35.341 Km² located in north central Portugal, the property is approximately 5 hours driving time from Lisbon. The Santo António EML contract was signed on February 20, 2013 and corresponds to the central block of the previously owned Penedono Gold Concession whose exploration license expired on October 28, 2012.

During the first quarter of 2015, Contécnica continued with the drilling program at Santo António with 2 holes drilled with a total length of 719.98 m, cutting a sequence of granitic rocks cross cut by quartz veins/veinlets, small fractured zones,
as well as greisen margins with minor amounts of pyrite and arsenopyrite. Drill hole logging, density measurements, sampling preparation and dispatching the samples to the assay laboratory was completed at the end of first quarter. Analytical results received from drill hole core, from 6 holes, shows several intersections with gold grade
above 1 g/ton with the highest value reported on vein 5 with 4.34 gAu/ton over 0.55m and 1.88 gAu/ton over 4.55m in hole SAD06ID006.

During the second quarter of 2015, Contécnica, continued with the drilling program at Santo António, focusing on veins # 1 to 3, now with one single drill rig. The drill program to test the deep extensions of the main veins was completed, and a short program of shallow drill holes was started in order to verify the inferred shallow resources estimated for vein # 3. In total 3 holes were completed (one of which started during the first quarter) and a fourth hole was started at the Santo António deposit, for a total length of 286.66 metres drilled during the second quarter of 2015.

Analytical results were received during Q2 solely for hole SAD03ID001, which did not indicate any vein intersections assaying above 0.36g/t Au.

During the third quarter of 2015, the above program of shallow drill holes to verify inferred resources estimated for vein #3 was terminated after completion of the fourth hole at 59.60 metres deep. Drill core logging and sampling regarding the latest drill holes was completed and no further field work was done.

During the fourth quarter of 2015 a Health and Safety Plan for the experimental mine and the experimental mining plan were made and delivered to DGEG.

No further field work was done at the Santo António EML during the fourth quarter of 2015.

Plans for 2016

The work planned for 2016 by Contécnica includes the continuation of the drill program at the Santo António gold deposit; working on the experimental concentration plant and possible demolishing of the ruins of some old mine constructions.

Montemor-o-Novo Gold Concession

The Montemor-o-Novo exploration concession covers approximately 363.62km^2, after the contractual 50% surface area reduction. It is located approximately 95 km east of Lisbon, the capital city, near the towns of Montemor-o-Novo and Évora, in the Alentejo region of southern Portugal. The property completely surrounds the Company's 100% owned Boa Fé Experimental Mining License.

During the first quarter of 2015 no field work was carried out at this property, but mineralized samples cut from previously drill holes drilled at Monfurado were prepared to be dispatched to the assay laboratory.

During the second quarter of 2015, analytical results were received for several rock samples previously taken during regional exploration at Montemor. Among these are noteworthy seven grab samples assaying in the 1.0-14.3 g/t Au range, which concentrate in two new mineralized zones, in central and central-north Montemor concession. Further field geologic reconnaissance work was carried out at these two areas, with a view to assess them and plan follow-up exploration work. In one of these areas, Regadia-north, the gold mineralization is hosted by the same sheared granite as at Mourel-north, being the distance between the two mineralized occurrences of 1.2 kilometres.

A short diamond drilling program was carried out at the Mourel-north target, aimed at testing both the strike and depth extents of the granite-hosted gold mineralization discovered in 2012. Three inclined holes were completed during the third quarter of 2015 with a total extension of 221.11m. All were sampled and analytical results were obtained for the first hole during the third quarter, and for the second and third holes during the fourth quarter.

No further field work was done at Montemor during the fourth quarter of 2015.

The Company decided to not apply for the second and last renewal of the exploration contract, for another year starting on November 2, 2015. Instead, an application for a new exploration contract, covering approximately the same ground, has been filed with the mining authority DGEG on November 2, 2015. This application has merited favourable preliminary appraisal by the DGEG and the proceedings towards granting of the concession were still ongoing at end of 2015.

With respect to the Company's Montemor-o-Novo Gold Concession, the Company believes it will not be able to recover the carrying value of the property as at December 31, 2015 and has recorded an impairment loss for the entire book value of $0.1 million in respect of this property.

Plans for 2016

The work planned by the Company to be done during the year will comprise geochemical and geophysical prospecting works concentrated on geologically favorable areas, with a view to generate new drill targets which may eventually lead to the discovery of new gold mineralized bodies.

Cedovim Concession

The Cedovim exploration concession consists of 218,129 km^2 of prospective ground located in northern Portugal, approximately 100 km east of the city of Porto. It is composed of two separate blocks, and is contiguous with the "Tabuaço" EML concession.

During the year ended December 31, 2014 no field work was carried out at this property and the property license was relinquished by the Company. At December 31, 2014, the book value of the property was fully written off.

Borba

The Company holds a 100% interest in the Borba exploration license whose contract was signed on February 20, 2013, following the application made on April 3, 2012. The Borba property has an approximate area of 633.935 km². Located in central Portugal, the property is approximately 2 hours driving time from Lisbon.

No field work was carried out at this property during the second quarter of 2015. During the third quarter of 2015 a modest 500 metres diamond drilling program was started at the Miguel Vacas copper deposit aimed at testing the extent of the mineralized structure to the south of the old mining pit, as well as at depth. One inclined, 108.93m long drill hole was completed, sampled and analysed. The second inclined hole of this campaign was started and reached the depth of 124.33m at end of this quarter, being continued into Q4.

During the fourth quarter, the second hole was completed at a final depth of 195.33 metres, and a third hole was drilled at Miguel Vacas, with a final depth of 152.23 metres. Analytical results were received for the first hole drilled in 2015 at Miguel Vacas, while the results of the second and third holes were still pending at December 31, 2015. Please also refer the Company's press release dated January 28, 2015.

With respect to the Company's Borba property, there was an indicator of impairment based on current exploration results as at December 31, 2015. Although ongoing exploration is planned for 2016, however, as no resource estimate for the property is available, the Company believes it will not be able to recover the carrying value of the property and has recorded an impairment loss for the entire book value of $0.1 million in respect of this property.

Plans for 2016

During 2016 the Company will carry out another drilling program at the Miguel Vacas breccia copper deposit, with a view to produce a 3D model of the deposit and carry out a resource estimate.

Other old copper mines and occurrences known within the Borba concession will also be examined in detail and sampled, in order to assess whether they warrant a drilling program with a view to delineate additional copper deposits.

Cercal

The Company holds a 100% interest in the Cercal exploration license which has an approximate area of 455.192 km^2. Located in South Portugal, the property is approximately 3 hours driving time from Lisbon.

During the first and second quarter of 2015 no field work was carried out at this property.

During the third quarter of 2015 one vertical, 180.59 metres long diamond drill hole was completed to test the Salgadinho stockwork Cu-Au-Ag deposit, located towards the northern part of this property. Analytical results for the samples cut from its drill core are still pending.

No further field work was done at the Cercal concession during the fourth quarter of 2015. Analytical results for the single hole drilled in the third quarter were still pending as at December 31, 2015.

With respect to the Company's Cercal property, there was an indicator of impairment based on current exploration results as at December 31, 2015. Although ongoing exploration is planned for 2016, however, as no resource estimate for the property is available, the Company believes it will not be able to recover the carrying value of the property and has recorded an impairment loss for the entire book value of $0.07 million in respect of this property.

Plans for 2016

During 2016 the Company is planning to carry out a drilling program at the Salgadinho stockwork copper-gold-silver deposit, with a view to produce a 3D model of the deposit and carry out a resource estimate.

A number of geophysical and geochemical anomalies known within the Cercal concession will be examined in detail and sampled, in order to assess whether they warrant a drilling program with a view to find other stockwork, or massive sulphide deposits.

Alvalade VMS Property

On August 31, 2015, the Company signed an assignment agreement with Avrupa Minerals Ltd ("Avrupa") and Antofagasta Minerals S.A ("Antofagasta") whereby the Company acquired Antofagasta's 60% interest in the Alvalade property.

Avrupa had first entered into a Joint Venture agreement with Antofagasta to undertake exploration on the Alvalade project in 2011 and on January 27, 2015, the two parties signed a second amended Joint Venture agreement, which allowed for increased funding, an expanded time frame in which to get a feasibility study decision, and a means for Avrupa to be carried to production, if there is a production decision to be made for the project.

With the assignment agreement above, the Company now is the earn-in partner with Avrupa under the existing earn-in agreement which was last amended in January 2015. The Company can earn up to 80% of the interest in Alvalade through a combination of exploration expenditures, completion of a feasibility study, and generation of a mine development decision by the end of the year 2023 as follows:

- To earn a further 2.5% of the JV (for an aggregate total of 62.5%), the Company must fund US$1.75 million by December 31, 2015 (Option 3 Year 1). This has not yet been met.
- To earn a further 2.5% of the JV (for an aggregate total of 65%), the Company must fund US$1.75 million by December 31, 2016 (Option 3 Year 2).
- To earn a further 2.5% of the JV (for an aggregate total of 67.5%), must fund US$1.75 million by December 31, 2017 (Option 4 Year 1).
- To earn a further 2.5% of the JV (for an aggregate total of 70%), the Company must fund US$1.75 million by December 31, 2018 (Option 4 Year 2).
- To earn a further 5% of the JV (for an aggregate total of 75%), the Company must fund US$25 million in exploration by December 31, 2022 with an option to partially earn in 1% for every US$5 million spent (Option 5).
- If Option 5 expenditures are not sufficient to fund a feasibility study, the Company will fund 100% of additional exploration but will be reimbursed for Avrupa's proportionate share (being 25% of Work Programs and Budgets) following the commencement of commercial production (Feasibility Study Phase).
- To earn a further 5% of the JV (for an aggregate total of 80%), the Company must have completed a feasibility study, funded 100% of all work programs during this phase and make a development decision within one year of the date of delivery of the feasibility study (Option 6).
- The Company will carry Avrupa through to production, and Avrupa will repay Colt from proceeds, dividends, and sales generated by the actual production from any mine within the project area.

About Alvalade property

On January 27, 2014, Avrupa announced discovery of massive sulfide mineralization at the Sesmarias South target area. The intercept of 7.95 metres of massive sulfide and 2.90 metres of semi-massive/stockwork sulfide mineralization, totaling 10.85 metres, carries metal values of 1.81% copper, 2.57% lead, 4.38% zinc, 0.13% tin, 0.075% cobalt, and 75.27 ppm silver, Sesmarias target area is located approximately seven kilometres south of the past-producing Lousal Mine and 50 kilometres northwest of Lundin Mining's Neves Corvo Mine, along the Neves Corvo trend of the Iberian Pyrite Belt in Portugal.

On October 28, 2015, the Company announced that drilling at the Alvalade project had re- started. In the new phase of drilling, the partners plan to drill 5,000 metres, mostly in the immediate area of the Sesmarias copper-zinc discovery announced by Avrupa in February 2014.

In January 2016, analytical results were received for four, 70° inclined diamond drill holes completed in late 2015 at the Sesmarias target (Table 1) confirm and expand the massive sulphide lens first intersected by 2014 drill hole SES010 (down-hole intercept of 58 metres averaging 0.32% Cu, 0.61% Pb, 1.95% Zn, 0.45g/t Au, 25ppm Ag).

Table 1

Drill hole ID	From (m)	To (m)	Intercept (m)	Cu (%)	Pb (%)	Zn (%)	Au (g/t)	Ag (ppm)
SES019 including	263.50	315.20	51.70	0.44	0.75	2.71	0.40	17.35
	280.45	290.95	10.50	0.36	1.71	5.18	0.37	21.71
SES020	277.85	287.55	9.70	0.25	0.57	0.99	0.47	24.70
	297.70	319.95	22.25	0.55	0.59	0.66	0.53	20.54
	325.00	334.10	9.10	0.32	0.14	0.52	0.68	11.31
	337.85	356.65	18.80	0.33	0.14	0.64	0.26	6.40
SES021	262.85	277.65	14.80	0.36	0.29	0.40	0.43	9.82
SES022	323.90	376.00	52.10	0.43	0.49	0.98	0.62	17.31

These four holes together with SES010 define an up to 35-40 metres thick massive sulphide lens extending for a confirmed strike length of around 300 metres and dipping 50° to 60° to the NE. This lens is open both along strike to the NW and down-dip to the NE.

A recently completed down-hole geophysical survey ("mise-a-la-masse" method) indicates a possible additional strike length for the massive sulphide lens to the NW of at least 300 metres

As at most other deposits in the Iberian Pyrite Belt, the Sesmarias prospect is suspected of encompassing a number of separate, but nearby, massive sulphide lenses, some of which may be enriched in base metals

While continuing to outline the full extent of the currently identified VMS lens, future drilling at Alvalade will also be focused towards the discovery of additional massive sulphide lenses, with a view to delineate a potentially economic base metal resource.

As of the date of this MD&A, the Company had incurred a total expenditure of € 0.69 million ($1.04 million) for the Alvalade project.

For further information about the drill results, please refer to the Avrupa's news releases dated February 27, 2014, April 17, 2014, May 12, 2014, July 24, 2014, October 22, 2014 on www.avrupaminerals.com and on the Company's website on February 3, 2016 on www.coltresources.com.

PLANS FOR 2016

During 2016 the Company will resume diamond drilling at the Sesmarias massive sulphide deposit, with a view to determine its full strike and down-dip extents, locate and delineate other sulphide lenses, and identify metal-enriched zones.

Based on the results of this drilling program, the Company will produce a 3D model of the deposit, and carry out a resource estimate.

A number of other prospective zones known within the Alvalade concession will be examined in detail, in order to assess whether they warrant another drilling program with a view to discover distinct massive sulphide deposits.

OVERALL PLANS FOR 2016

Projects

For 2016, the Company´s focus will be to delineate base metal resources at the Alvalade, Borba and Cercal concessions through drilling programs, carry out additional drilling at Tabuaço in order to enlarge and improve confidence in the resource estimations, as well as continuing with the work leading to the production of bankable feasibility study for the Tabuaço project, including finalizing process design and the mine design.

The Company will remain focused to continuously improve its cost efficiency and curtailing unbudgeted expenses to effectively utilize its working capital.

Management is continuously evaluating various joint venture and merger and acquisition opportunities with the objective of enhancing shareholder value.

Corporate

During 2015, the Company continued to follow up on several significant cost reduction initiatives initiated in early 2014 aimed at preserving its working capital and reducing its payables. These measures included a temporary significant reduction in cash compensation of senior management and executive staff and revised management contracts, temporary deferral of director fees for independent directors, reduction of projects related payroll costs, elimination of most investor relations and marketing expenses, imposition of travel restrictions, corporate office relocation in Montreal for savings in rent, reducing office space in Portugal, renegotiation of several existing services contracts and reduction in general administrative overheads in Portugal and in Montreal. During the remainder 2016, the Company's focus will continue to be cutting down on general and administrative costs in Portugal.

RESULTS OF OPERATIONS

SELECTED ANNUAL FINANCIAL INFORMATION

Consolidated statement of operations Comprehensive Loss For the fiscal year ended	December 31 2015 $	December 31 2014 $	December 31 2013 $	December 31 2012 $
Loss from operations	(4,032,369)	(9,168,473)	(9,861,268)	(9,401,920)
Net loss for the year	(11,796,638)	(8,779,576)	(10,231,330)	(9,436,902)
Comprehensive loss	(10,008,925)	(10,376,887)	(7,576,326)	(9,396,147)
Net loss per share	(0.05)	(0.06)	(0.05)	(0.08)

Consolidated statement of financial position As at	December 31 2015 $	December 31 2014 $	December 31 2013 $	December 31 2012 $
Cash and cash equivalents	25,606	159,873	2,263,613	6,473,498
Exploration and evaluation assets	31,285,442	26,286,184	29,927,351	24,664,728
Total assets	39,844,035	33,128,116	41,513,769	40,520,113
Total Liabilities	9,943,016	8,123,960	9,038,891	9,217,868
Total non-current financial liabilities	2,156,853	5,274,852	6,043,272	3,239,309
Shareholders equity	29,901,819	25,004,156	32,474,878	31,302,245

Fiscal year ended December 31, 2015 compared to fiscal year ended December 31, 2014

For the fiscal year ended December 31, 2015, the Company reported a net loss of $11.79 million for 2015 ($8.78 million in 2014) and a comprehensive loss of $10 million ($10.38 million in 2014).

The main components of net loss in 2015 are administrative expenses of $4.06 million ($2.38 million in 2014) and accounting loss on settlement of senior secured notes for $6.07 million (2014: Nil). This is a 'non-cash' loss resulting from the settlement of the book value of the secured senior note liability on the date of settlement compared to the fair value on the date of the shares and warrants issued to debtholders in exchange of the settlement of this debt. Amongst other major items, there was impairment of mineral properties for $0.29 million (2014: $6.2 million), finance costs for $0.62 million (2014: $0.54 million) and share of loss on investment in CRME of $0.91 million (2014: $0.5 million) offset by net income from the winery operations of $0.54 million (2014: net loss of $0.4 million) mainly resulting due to a positive change in fair value revaluation performed annually for accounting purposes.

Within administrative expenses, the major variations in the expenses were as follows:

- The increase in management fees and related costs from prior year is mainly due to the additional expense of $0.2 million in 2015 resulting from the final settlement of the Company's former Chief Operating Officer. Further, for 2015, management fees also include approximately $0.25 million of prior years' accrued management fees that was settled by the Company with the management during the year. The Management then immediately invested the amount settled back in the company by subscribing for units as part of the private placement of units during the second quarter of 2015 resulting in no overall extra cash burden on the Company for the settlement of the accrued management fees from prior years. In addition, management contracts were revised with effect from October 1, 2015 resulting in management now drawing a lower overall compensation as compared to previous contracts. The full impact of the revised contracts would be visible from 2016 onwards.

- The increase in professional and consultancy fees is mainly due to increased operational and capital markets activities by the Company in 2015 compared to prior year. Professional fees mainly comprise the audit and tax expenses, director fees, fees for accounting related services which includes internal and external accounting, corporate finance and tax related advisory services. Consultancy services mainly include fees to technical mining consultants, capital market advisory services and expenses relating to and entities associated with the directors of the Company providing consultancy related services.
- Office related expenses were similar to prior year. These mainly include travel related expenses, car lease expenses for Portugal, communications, IT expenses and general office services and supplies and subscription fees for various services.
- Decrease in salaries due to continued reduction of permanent staff in Portugal and Montreal
- Decrease in investor relations and marketing expenses, rent, legal, travel and other general administrative expenses mainly due to Company's focus on cutting down general and administrative costs to manage its working capital efficiently.

Depreciation expense of $0.22 million ($0.19 million in 2014) was incurred on the Company's property, plant and equipment.

During the year, the Company recorded net share of losses of an investment in associate for $0.91 million (2014: $0.5 million.

Finance costs increased to $0.62 million ($0.54 million in 2014) as a result of accretion expense on convertible preferred shares, and year's accretion expense on the senior secured notes issued in 2013. In addition, the Company recorded a change in fair value of derivative financial liability - warrants of $0.16 million ($1.0 million in 2014) in relation to derivative financial liabilities – warrants issued pursuant to the senior secured notes financing. During the year, the Company settled senior secured note with its debt holders and recorded a loss of $6.07 million on settlement of this liability.

The Company recorded a net foreign exchange gain of $0.16 million for the current year (gain of $0.25 million in 2014) relating to the Company's monetary assets and liabilities denominated in foreign due to fluctuation and depreciation of Canadian dollars against Euros or USD in the current year.

In addition, the Company reported a foreign exchange gain on translation of foreign subsidiaries in other comprehensive income of $1.62 million (loss of $1.59 million in 2014) and recorded share of translation of foreign currency translation reserve gain of its associate CRME for $0.17 million.

Fiscal year ended December 31, 2014 compared to fiscal year ended December 31, 2013

For the fiscal year ended December 31, 2014, the Company reported a net loss of $8.78 million ($10.23 million in 2013) and a comprehensive loss of $10.38 million ($7.58 million in 2013) Total administrative expenses decreased to $4.28 million ($9.02 million in 2013). The expenses were reduced by recovery of past Middle Eastern activities related expenses for $1.73 million of funds in the first quarter. The 2013 figures included approximately $1.75 million relating to operating expenses incurred exclusively in respect of the Company's Middle Eastern initiatives. Excluding this, the total operating expenses were $7.26 million in 2013.

The overall decrease in administrative expenses related to the following variations:

- Management fees and related costs decreased by $0.7 million from 2013 due to reduction of fees by executive management that included the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer and the former Chief Operating Officer during the year
- Decrease in salaries due to continued reduction of permanent staff in Portugal and Montreal
- Decrease in professional and consulting fees due to lower levels of activities during the year compared to 2013
- Decrease in investor relations and marketing expenses, rent, legal, travel and other general administrative expenses mainly due to Company's focus on cutting down general and administrative costs to manage its working capital efficiently.

During the current year ended December 31, 2014, the Company recorded impairment loss of $6.18 million on its exploration and evaluation assets:

The Company reported other loss of approximately $0.4 million, ($0.17 million net other expense in 2013) from the Company's winery operations and also received the remainder of a previously approved grant for the winery business from a governmental agency for approximately $0.29 million during the year which was recorded in the statements of operations. The Company also recorded a fair value adjustment for $0.89 million (2013:$0.11 million) in respect of biological assets of its winery business.

Depreciation expense of $0.19 million ($0.24 million in 2013) was incurred on the Company's property, plant and equipment. Interest income decreased from last year significantly due to reduction in cash and cash equivalents on hand.

During the year, the Company recorded share of losses of an investment in associate for $1.77 million (2013: NIL), dilution gain of $0.29 million (2013: NIL) on its investment in associate and gain of $0.97 million (2013: NIL) on partial disposal of investment in associate-CRME.

Finance costs increased to $0.5 million ($0.3 million in 2013) as a result of accretion expense on convertible preferred shares, and full year's accretion expense on the senior secured notes issued in 2013 In addition, the Company recorded a change in fair value of derivative financial liability - warrants of $0.99 million ($0.46 million in 2013) in relation to derivative financial liabilities – warrants issued pursuant to the senior secured notes financing.

The Company recorded a net foreign exchange gain of $0.25 million for the current year (loss of $0.34 million in 2013) relating to the Company's monetary assets and liabilities denominated in foreign currencies including convertible preferred shares, senior secured notes and derivative financial liabilities – warrants due to overall significant fluctuation and depreciation of Canadian dollars against Euros or USD in the current year.

In addition, the Company reported a foreign exchange loss on translation of foreign subsidiaries in other comprehensive income of $1.59 million (gain of $2.65 million in 2013).

Summary of variation in operating costs between December 31, 2015 and 2014

For the year ended	December 31 2015 $	December 31 2014 $	Variation 2014-2015 $
Investor relations and marketing	222,413	244,049	(21,636)
Office related expenses	867,176	871,938	(4,762)
Management fees and related costs	977,978	767,574	210,404
General and administrative expenses	182,039	84,634	97,405
Property Investigation expenses	26,106	-	26,106
Salaries and benefits	385,675	606,370	(220,695)
Professional and consulting fees	846,223	768,259	77,964
Legal expenses	182,624	207,495	(24,871)
Insurance	90,983	174,032	(83,049)
Listing and transfer agent fees	87,960	84,882	3,078
Rent	192,523	303,316	(110,793)
Impairment of exploration and evaluation assets	291,976	6,198,346	(5,906,371)
Recovery of past expenses- CRME	-	(1,736,966)	1,736,966
Depreciation	223,154	194,786	28,368
Other (income)/expense	(544,460)	399,757	(944,217)
Total operating costs	**4,032,369**	**9,168,472**	**(5,136,103)**

The Company currently does not foresee paying dividends in the near future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company's financial position, operating results and capital requirements at the time as well as such other factors that the Board of Directors may consider relevant. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Exploration and evaluation expenditures

The following table represents supplementary information. It represents cumulative Exploration and Evaluation (E&E) expenditures since inception to date and the additional expenditures during 2015 and 2014 on the Company's properties in Portugal. For 2015, the additional expenditures incurred amount to approximately $5.29 million (2014: $2.5 million) before any impairment expense for 2015.

	Santo Antonio		Tabuaco		Alvalade		Montemor-o-Novo		Boa Fé		Others		Total	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Balance, beginning of period/year	**2,912,614**	2,912,614	**14,468,815**	13,574,892	-	-	-	1,491,881	**8,904,755**	11,682,912	-	265,052	**26,286,184**	29,927,351
Assays and geochemistry	-	-	**16,001**	-	-	-	-	-	**24,770**		-	-	**40,771**	-
Field costs	-	-	**147,273**	26,678	-	-	-	-	**59,989**	11,692	**40,255**	-	**247,517**	38,370
Consulting	-	-	**420,111**	95,038	-	-	**15,805**	13,469	**289,513**	82,732	**23,161**	17,655	**748,590**	208,895
Drilling	-	-	**53,385**	663,350	-	-	**22,328**	249,208	**102,471**	847,522	**53,521**	19,882	**231,705**	1,779,963
Geology	-	-	-	-	-	-	-		-	-	-	-	-	-
Licensing & Permits			**75,786**	-			**28,626**				**5,000**		**109,412**	
Geophysics	-	-	**192,393**	-	-	-	-		-	-	-	3,090	**192,393**	3,090
Salaries and labour	-	-	**308,216**	108,857	-	-	**35,339**	65,508	**296,297**	279,898	**67,941**	17,084	**707,793**	471,346
Acquisition related and Other costs *	-	-	-	-	3,013,052	-	-		-		-	-	**3,013,052**	-
Tangible assets	-	-	-	-	-	-	-		-		-	-	-	-
Total exploration expenditures	-	-	**1,213,165**	893,923	**3,013,052**	-	**102,098**	328,186	**773,040**	1,221,843	**189,878**	57,712	**5,291,234**	2,501,664
Impairment for the year	-	-	-	-	-	-	(102,098)	(1,820,067)	-	(4,000,000)	(189,878)	(322,764)	**(291,976)**	(6,142,831)
Sub Total	-	-	**1,213,165**	893,923	**3,013,052**	-	-	(1,491,881)	**773,040**	(2,778,157)	-	(265,052)	**4,999,258**	(3,641,167)
Balance, end of period/year	**2,912,614**	2,912,614	**15,681,981**	14,468,815	**3,013,052**	-	-	-	**9,677,795**	8,904,755	-	-	**31,285,442**	26,286,184

**includes $2.015 million of discounted capitalized value of the commitments to Antofagasta to acquire the 60% interest, directly attributable project expenditure of $0.951 million and $0.045 million in respect of the annual license rental fees payable to DGEG.*

SUMMARY OF QUARTERLY RESULTS

Quarters ended	December 31 2015 $	September 30 2015 $	June 30 2015 $	March 31 2015 $
Net Loss	(6,520,380)	(1,446,936)	(2,889,084)	(940,238)
Comprehensive Loss	(6,289,310)	(568,086)	(1,707,330)	(1,444,199)
Basic and diluted loss per share	(0.03)	-	(0.01)	(0.01)

Quarters ended	December 31 2014 $	September 30 2014 $	June 30 2014 $	March 31 2014 $
Net Loss	(7,944,321)	(1,264,935)	(752,444)	1,182,123
Comprehensive (Loss)/Income	(8,730,142)	(2,222,781)	(1,627,085)	2,203,122
Basic and diluted (loss)/income per share	(0.06)	(0.01)	(0.01)	0.01

FOURTH QUARTER RESULTS

For the three-month period ended December 31, 2015, the Company reported a net loss of $6.52 million ($7.94 million in 2014) and a comprehensive loss of $6.29 million ($8.73 million in 2014). The increase in the Company's net and comprehensive loss from the third quarter was due primarily to the loss on settlement of the secured senior note debt for $6.07 million offset by decrease in general and administrative expenses due to lower levels of activity during the fourth quarter.

The Company reported a total weighted average number of common shares outstanding of 217,600,212 (165,406,588 for 2014). The Company reported a net loss per share of $0.05 ($0.06 for 2014).

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2015, total assets were $39.84 million ($33.13 million at the end of December 31, 2014).

Cash and solvency

As at December 31, 2015, the Company's cash and cash equivalents balance was $0.025 million ($0.16 million at the end of December 31, 2014). The decrease in cash and cash equivalents was primarily the result from the net cash used in operating activities of $0.37 million (use of cash of $1.14 million in 2014) and use of net cash from investing activities of $5.6 million ($3.02 million in 2013) offset by net receipt of funds for $5.8 million (receipt of $2.04 million in 2014).

As at December 31, 2015, the Company does not have sufficient capital to meet its needs for the next twelve months and is in the process of seeking further financings to meet its long term requirements.

Given that the Company's operations are focused on the exploration and development of mining properties, the most relevant financial information, in its view, relates to current liquidity, solvency, and planned property expenditures. The continuing operations of the Company are dependent on the Company's ability to secure funding and to generate future profits from operations. The underlying value and recoverability of the amounts shown Company's financial success will depend on the economic viability of its resource properties and the extent to which it can discover and develop new ore deposits. A number of factors determine the economic viability of a property including: the size of the deposit; the quantity and quality of the reserves; the proximity of the deposit to current or planned infrastructure; the forecasted development and operating costs and the costs to finance the planned expenditures; and the projected cash flows. Such development may take several years to complete and the amount of resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company largely depends on factors beyond the Company's control, including the market value of the metals and minerals to be produced.

The Company's main sources of funding are debt and equity markets, private placements and exercise of outstanding warrants and options.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company's assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company's investment in these assets is dependent upon the renewed legal ownership of the licenses, and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Company's properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

The Company's current committed cash resource is insufficient to cover expected expenditures in the remaining fiscal year 2016 and beyond. The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

OUTSTANDING SHARE INFORMATION

As at April 28, 2015, there were 241,820,362 issued common shares, 70,304,648 warrants with a weighted average exercise price of $0.25 per warrant and 2,000,000 stock options with a weighted average price of $0.71 per option outstanding.

SEGMENTED INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of mineral property interests and in two geographical areas, Canada and Portugal. The capital assets (including mineral properties) and total assets identifiable with these geographic areas are as follows:

Total Assets	**2015** $	**2014** $
Canada	**1,810,369**	**771,011**
Portugal	**38,034,466**	**32,357,105**
	39,844,835	**33,128,116**

Non-current Assets	**2015** $	**2014** $
Canada	**1,334,271**	**545,565**
Portugal	**34,887,041**	**29,104,420**
	36,221,312	**29,649,985**

CONTRACTUAL OBLIGATIONS

1. The Company's contractual obligation for the properties in Portugal as at December 31, 2015 are as follows:

	Obligations due per year	
	2016-17	**2017-18**
	$	**$**
Montemor-o-Novo Commitments (1)	450,810	-
Borba (1)	120,216	120,216
Cercal (1)	150,270	150,270
Total contractual obligations	**721,296**	**270,486**
	Obligations for the life of the contract	
	2015-2019	
	$	
Tabuaco EML Commitments (1, 3)	6,762,150	
Santo Antonio EML Commitments (1, 2, 3)	4,508,100	
Total obligations for the life of the contract	**11,270,250**	
(1) Original contractual commitments are denominated in European Euro (€)		
(2) Obligations assumed by a Joint Collaboration partner		
(3) Obligations for the duration of the contract		

2. During September 2015, the Company signed an assignment agreement with Avrupa Minerals Ltd. ("Avrupa"), a TSXV listed to acquire Antofagasta Minerals SA's ("Antofagasta") 60% interest in Alvalade VMS copper-zinc property in the Iberian Pyrite Belt in southern Portugal.

   To earn-in the assigned 60% interest, the Company is committed to the following scheduled payments to Antofagasta;

- USD 300,000 March 31, 2016 (extended till June 30, 2016)
- USD 300,000 March 31, 2017.
- USD 300,000 March 31, 2018.
- USD 300,000 March 31, 2019.
- A final payment of USD 1,200,000 by December 2019.
- USD 600,000 payment upon completion of an Inferred Mineral Resource (as defined in NI 43-101) of at least 500,000 tonnes of copper concentrate.
- A payment at the time of the preparation of a Feasibility Study in respect of the Mineral Rights providing for an internal rate of return of greater than 20% on a post-tax basis, a payment to Antofagasta of USD 1,000,000.
- On the Commencement of Commercial Production, payment to Antofagasta of USD 3,000,000.
- Colt, if it so chooses can make a payment at an earlier date reducing the total to USD 6,600,000.
- The Company grants to Antofagasta a 1% net smelter returns royalty on all products.

As of December 31, 2015, the Company has accrued US$ 2.4 million (based on the committed amounts from (2016-2019) as current and non-current liability and recorded the related right under Exploration and Evaluation Assets (EEA). The obligation and right has been discounted over the maturity of the obligation from the balance sheet date of December 31, 2015, i.e. 4 years using a discount rate of 20%. As a result, Net Present value of the right acquired amounting to USD1.46 million ($ 2.02 million) has been recorded under EEA and in related current and non-current liability as of December 31, 2015.

3. During 2015, the Company entered into a facility agreement for an aggregate value of up to $30 million ("aggregate subscription price") with CITIC –GEMS fund a natural resources fund created by Global Emerging Markets ("GEM") and CITIC, whereby the Company can raise funds by committing CITIC-GEM Fund to purchase common shares of the Company.

   As part of this facility agreement, the Company signed a promissory note to pay CITIC-GEM fund a commitment fee of 2% of this facility ($0.6 million) if and when it withdraws any amount on activating this facility. This fee is payable pro-rata in the same proportion as proceeds withdrawn on each subscription divided by the aggregate subscription price.

   As of December 31, 2015, the Company has not activated this facility and therefore the commitment has no accounting impact on the consolidated financial statements as of December 31, 2015.

GOING CONCERN

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Company has not earned significant revenue and is considered to be in the exploration and evaluation stage. The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Company's assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Company's investment in these assets is dependent upon the renewed legal ownership of the licenses, and whether an economically viable operation can be established.

The Company's current committed cash resources are insufficient to cover expected expenditures in fiscal 2016. The Company's ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

In addition, while the Company's Positive Economic Assessment and exploration activities in relation to its Boa-Fe and Tabuaço projects appear promising, there can be no assurance that the results of its planned Feasibility Studies will confirm the existence of economically viable quantities of ore or that the project will ultimately go into production.

The Company reported a net loss in 2015 and 2014 of $11.79 million and $8.78 million respectively. These recurring losses and the need for continued financing to further successful exploration and development indicate the existence of a material uncertainty that raises substantial doubt as to the Company's ability to continue as a going concern.

The Company's consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary, if the Company is unable to continue as a going concern. Such adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Related party transactions include transactions with the Company's associate, CRME and transactions with the Company's Key Management Personnel which includes the Chairman of the Board of Directors, the Chief Executive Officer, the General Legal Counsel and Corporate Secretary, the Chief Financial Officer, the Board of Directors, Advisory Board Members, close family members and entities controlled by these individuals as well as certain consultants performing similar functions. These are the key management personnel of the Company.

All of the following related party transactions were in the normal course of operations and were measured at the amount established and agreed to by the related parties.

The following were the related party transactions for the year ended December 31, 2015 and 2014:

Transactions with the Associate:

During the quarter ended June 30, 2015, the Company subscribed $0.4 million in additional share offering by CRME at $0.20 per share for 2,000,000 new shares.

During of 2015, the Company provided short-term unsecured loan and advance of $1.22 million to its associated company - Colt Resources Middle East ("CRME") with the loan at 5% per annum interest compounded semi-annually convertible into equity of CRME at USD 0.30 per share anytime at the discretion of the Company. If, at anytime during the term of the loan, CRME obtains additional major mining licenses in Pakistan, and obtains the necessary regulatory and shareholder approvals, the conversion price which the Company will be able to convert the loan into ordinary shares of CRME will be increased to USD $1 per share. The conversion terms were subject to majority of disinterested shareholder approval.

On January 13, 2016, at the Company's Annual General Meeting, the majority of disinterested shareholders formally approved the conversion of CRME loan into CRME common shares at USD 0.30 per share. As a result of this conversion, the Company received 2,837,982 shares of CRME which increased its shareholding in CRME to 12,002,187 shares (14.22%).

Based on the most recent transaction price of USD $0.30 per share ($0.375 per share as at December 31, 2015), the Company's current investment in CRME's common shares represent a value of $3.6 million.

Transactions with Key Management Personnel:

Year ended December 31	**2015**	**2014**
	$	$
Management fees and related costs	**860,690**	**729,512**
Professional and consulting fees	**216,238**	**351,533**
Salaries	**-**	**28,846**
Short-term benefits	**40,700**	**90,130**
Director fees	**130,333**	**80,272**
	1,202,961	**1,280,093**

During the first quarter of 2015, the Chief Executive Officer and one of the Directors subscribed for in aggregate 2,181,204 units comprising shares and warrants of the Company during the private placement closed in February/March 2015.

During the second quarter of 2015, the Chief Executive Officer, Chief Finance Officer and the General Counsel and Corporate Secretary subscribed for in aggregate 1,673,571 units comprising shares and warrants of the Company during the private placement closed in June 2015.

As at December 31, 2015, $0.4 million amount was owed to related parties [December 31, 2014, $0.69 million] and is included in accounts payable and accrued liabilities and $0.12 million is owed from the chief executive officer.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Key areas requiring critical judgments and significant estimates include:

Control over Structured Entities and Investments – Judgment

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Company has less than majority of the voting, or similar, rights of an investee, it considers relevant facts and circumstances in assessing whether it has power over the investee, as applicable, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year included in the consolidated statements operations and comprehensive loss from the date the Company gains control until the date the Company ceases to control the subsidiary.

In 2013, the Company consolidated results of CRME, a wholly owned subsidiary, as well as Colt Nimroz Afghanistan Mining Company, Colt Resources Kanz DMCC and Colt Nimruz Resources DMCC, three structured entities. The sole purpose of these Structured Entities was to represent the Company's interest in the Greater Middle East area. The Company considered that it controlled the Structured Entities even though it did not have any voting rights. This is because the sole purpose of the Structured Entities was to manage the Company's assets and expenditures as it related to acquisition of mining licences of advanced stage mining projects in the Greater Middle East area. The Company was exposed to the variability of returns from its involvement with the Structured Entities as the Company also had the ability to direct the Structured Entities through the approval of relevant activities such as the annual budgeted and unbudgeted expenditures and cash disbursements by the board of Colt and of the board of CRME which affected the Company's returns. Accordingly, in 2013, the Company had concluded that it controlled the Structured Entities and that they were consolidated within the Company's consolidated financial statements.

During 2014, the Company concluded that it has no control over the Structured Entities. This conclusion was based on the fact that Company transferred all of the assets beneficially owned in the Structured Entities to CRME and the Company was no longer exposed to the variability of returns from its involvement with the Structured Entities and had no ability to direct the Structured Entities through the approval of relevant activities such as the annual budgeted and unbudgeted expenditures and cash disbursements by the board of the Company or of the board of CRME as disclosed below which affected the Company's returns.

Further, the Company also had a dilution in its ownership of CRME and it partially divested further its ownership interest in CRME. The Company concluded it had no control over CRME and had no ability to direct CRME through the approval of relevant activities starting in the first quarter of 2014. This was based on the fact that the Company had no majority over CRME's board (the Company being represented by only 1 board member), the majority of the CRME board members had no management or board positions at the Company or controlled the Company, and the absence of substantial rights, potential voting rights or side agreements.

The investment in CRME was accounted for as an investment in associate for the period from April 1, 2014 to December 31, 2015 as the Company believes it continues to have significant influence on CRME due to the Chief Executive Officer of the Company being on the board of CRME, as representative of the Company.

Going concern – Judgment

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due, and to fund planned and contractual exploration programs, involves judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

Exploration and evaluation assets – Judgment and estimate

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. Management also considers any decline in resource prices as well as the decline in the Company's market capitalization as an indicator of impairment. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs of disposal and value in use.

Management judgment is applied in determining whether to test exploration and evaluation assets for impairment and in determining the lowest levels of exploration and evaluation assets grouping or cash generating units [''CGU's''], for which there are separately identifiable cash flows, generally on the basis of a property.

With respect to its Montemor, Borba and Cercal, the Company determined, as at December 31, 2015 and December 31, 2014, that indicators of impairment existed on each property based on current exploration results and it is unlikely that the Company will be able to recover the carrying value. As a result, an impairment loss of $0.29 million [2014: $0.21 million] was recorded.

For Tabuaco and Boa-Fe, there was no indicator of impairment in 2015 [2014: Nil for Tabuaco, $4 million]

For Santo Antonio, management concluded there were no indicators of impairment as at December 31, 2015 and December 31, 2014.

Any changes in the economic assumptions used or the geological information produced during the development and operation of a mine, could materially affect the estimated recoverable amount of the exploration and evaluation assets, which could result in an impairment in the future and such could be material.

Functional currency – Judgment

The functional currency of Colt Resources Inc. is the Canadian dollar and the functional currency of the Company's subsidiaries is the Euro. Management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. As part of this approach, management gives priority to the primary indicators before considering the other indicators, which are designed to provide additional supporting evidence to determine the entity's functional currency. Since the Company doesn't generate revenues, the currency in which the expenditures are made is considered by management in determining the functional currency.

Fair value of derivative financial liability - warrants– Estimate

Estimating fair value for warrant requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility and dividend yield of the warrants. The fair value of warrants is evaluated using the Black-Scholes pricing model at the date of grant. The Company has made estimates as to the expected volatility, and expected life of warrants. The expected volatility is based on the historical volatility of the Company, over the period of the expected life of the warrants. The expected life of the warrant is based on historical data. These estimates may not necessarily be indicative of future actual patterns

Inventories – Estimate

Inventories are stated at the lower of cost and net realizable value. The ageing of Port wine bottled or in bulk varies and it can take a significant length of time before the wine inventories are ready to be sold. Net realizable value of grape inventory is determined using forecasted demand and expected market prices at the time the wine is expected to be ready for sale. Forecasted demand and market prices can vary significantly over the holding period and involves estimating the most likely conditions that will be in existence at the time of sale.

The Company's best estimate of net realizable value is based on the average prices published by the "Instituto dos Vinhos do Douro e Porto" which is widely recognized in the region as being a reliable estimate of similar wines sold by the Company. The Company uses this published information as a starting point for estimating the expected sales price of similar wine with similar ageing information and then adjusts for any differences for similar wine.

Biological assets – Estimate

The grape vines are measured at fair value less cost of disposal. Since market-determined prices or values are not available for grape vines, the Company uses a discounted cash flow method to determine fair value. In arriving at fair values, the key assumptions are estimated sales prices less cost of delivery, discount rate, productive life of grape vines, estimated volume and growth estimations. All changes in fair value are recognised in the period in which they arise.

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations listed below that are issued but not yet effective up to the date of issuance of the Company's consolidated financial statements, are those that the Company reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

IFRS 9 Financial Instruments
In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the IASB published IFRS 15 which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IFRS 16 – Leases (IFRS 16)

In January 2016, the IASB published IFRS 16 which will replace IAS 17 Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all lease with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16: changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods; changes the accounting for sale and leaseback arrangements; largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

IAS 41 Agriculture

In June 2014, the IASB published amendments that change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less costs to sell. The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell.

The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. As of January 1, 2016, the carrying value of Biological assets will become the deemed costs and these assets will be classified as Property Plant and Equipment under IAS 16 and the deemed cost of $0.68 million will be depreciated over the remaining life of the Biological assets which is estimated to be 31 years as at December 31, 2015.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations [Level 1], without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques [Level 2]. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Other techniques [Level 3] use inputs not based on observable market data. There was no transfer between Level 1, Level 2 and Level 3 during the year.

The Company's financial instruments consist of cash equivalents, receivables, deposits and accounts payables and accrued liabilities.

The fair values of the convertible preferred shares and Senior Secured Notes are determined using the discounted cash flow method using discount rate that reflects rates currently available for debt on similar terms, considering the Company's credit risk and remaining maturity (Level 2).

The fair value of warrants is evaluated using the Black-Scholes pricing model at year end (Level 2).

The fair value of Loan receivable from CRME was determined using a combination of discounted cash flow method using a discount rate of 30% that reflects rates for loan on similar terms and the Black-Scholes Pricing model (Level 3). Black-Scholes assumptions for the valuation of the conversion option are: share price of USD 0.30 per share; exercise price of USD 0.30 per share; expected volatility-125%; expected life- 0.17 years; expected dividend rate: NIL; expected risk-free rate-0.36%; estimated fair value – USD 0.06

Below is a comparison of the carrying amount of the financial instruments and their respective fair values recorded at amortized cost as at December 31:

	2015		2014	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Convertible Preferred Shares	3,651,990	3,757,250	3,264,520	3,253,000
Senior Secured Notes	Nil	Nil	1,639,399	2,264,722
Warrants	Nil	Nil	Nil	222,222

Financial risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk [currency fluctuations, interest rates and other price risk]. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Credit risk

The Company is exposed to credit risk with respect to cash and cash equivalents, deposits and trade and other receivables. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk by maintaining cash and cash equivalents and deposits in highly liquid investments with major financial institutions in Canada and Portugal. The Company's commodity taxes receivables are not subject to significant credit risk.

The maximum exposure to credit risk as at:

	2015	**2014**
	$	$
Cash	**25,606**	159,873
Accounts receivable	**470,396**	418,466
Advances and other receivables	**236,903**	46,221
Loan Receivable	**1,126,462**	-
Deposits [held in Portugal]	**463,160**	558,401
	2,322,527	1,212,961

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in obtaining funds to meet financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows used in operations and exploration activities, anticipated from investing and financing activities, and taking into account the Company's holdings of cash and cash equivalents.

As at December 31, 2015, the Company has cash of $0.025 million [2014: $0.16 million]. Trade and other payables have contractual maturities of 30 – 60 days or less and are subject to normal trade terms, amounts due to related parties are due on demand. The Convertible preferred shares are due in 240 days. The Company also has commitments for payments relating to Alvalade property with maturities of 180 – 1,095 days.

The Company's ability to continue as a going concern is also dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. While the Company has been successful in raising debt and equity funds in the past, there is always a degree of risk on whether or not it will be able to raise sufficient funds in the future.

Currency risk

The Company raises its capital in Canadian dollars and holds its cash mainly in Canadian dollars and Euros. The Company and its subsidiaries minimize their exposure to foreign currency risk by minimizing the amount of funds in currencies other than the functional currencies. The Company continuously monitors its exposure to foreign exchange risk to determine if any mitigation strategies warrant consideration.

As at December 31, 2015 and 2014, the Company was exposed to currency risk on the Loan receivable of US$ 800,000 [2014: Nil] and the convertible preferred shares of Euros 2,420,000 [2014: Euros 2,305,000]. Other net financial assets exposure to currency risk are not significant. A 10% variation of Euros would have an effect of Euros 242,000 on net loss.

Financial risk associated to agriculture

The Company is exposed to financial risks arising from its vineyard activities. The Company takes reasonable measures to ensure that the current year's harvest is not affected by disease or other climate effects that may have a negative effect upon yield and quality. These measures include involvement of viticulture technicians and continuous focus on development of every plantation.

Risk Factors

Resource exploration and development is a highly speculative business, involves a high degree of risk and is frequently unsuccessful. There is no certainty that the expenditures to be made by the Company in the exploration of its properties or otherwise will result in discoveries of commercial quantities of minerals. The exploration for and development of mineral deposits involves significant risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Although the discovery of an ore body may result in substantial rewards, few properties explored are ultimately developed into producing mines. Significant expenditures may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the Company's current exploration programs will result in a profitable commercial mining operation.

Significant capital investment is required to achieve commercial production from successful exploration efforts. The commercial viability of a mineral deposit is dependent upon a number of factors. These include: (i) deposit attributes such as size, grade and proximity to infrastructure; (ii) current and future metal prices (which can be cyclical); (iii) government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and necessary supplies and environmental protection; (iv) First Nations negotiations and agreements; and (v) technological risks and changes. The complete effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

The prices of minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of minerals and future expectation of such prices may have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may affect the Company's ability to raise equity financing for its capital requirements.

OTHER MATERIAL EVENTS AND HIGHLIGHTS

The Company is presently not a party to any material proceedings.

SUBSEQUENT EVENTS

On January 13, 2016, at the Company's Annual General and Special Meeting, a majority of disinterested shareholders formally approved the conversion of CRME loan into CRME common shares at USD 0.30 per share. As a result of this conversion, the Company received 2,837,982 shares of CRME which increased its shareholding in CRME to 14.22% [December 31, 2015: 12.81%].

Other Information

Additional information on the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.coltresources.com

Colt Resources Inc.

Signed *"Nikolas Perrault"*

Nikolas Perrault
Chief Executive Officer

Signed *"Shahab Jaffrey"*

Shahab Jaffrey
Chief Financial Officer